

Lecture 1 Questions

- Define an asset
 - Define an expense
- The company you work for is knowledge based and in order to recruit a highly sought after computer engineer you will have pay her an upfront sum of £500,000 with a 10% fee to a recruitment agency.

Should the golden handshake and agency fee be regarded as an asset or an expense?

- Loo owns a wholesale flower business from a warehouse which is owned by the business. The following are descriptions of some of the items in the business statement of financial position.

For each item fill indicate if it is: non-current asset, current asset, non-current liability or current liability.

Warehouse premises

Office desks and chairs

Inventory of cardboard boxes used to send flowers to florists' shops.....

Loan from bank repayable in 2 years' time

Bank overdraft

Amount owed by tenant who occupies two rooms in the warehouse.....

Amount owed to HMRC in respect of taxes on employees' wages

- Pigna's statement of financial position at 31 August shows the following balances (£):

Non-current assets	113,046
Inventory	58,370
Trade receivables	42,266
Cash	8,299
Due to staff for expenses claims	812

Due to HMRC	1,277
Trade payables	48,443

- a) What is the total of assets in the business?
- b) What is the total of current assets?
- c) What is the total for liabilities?
- d) What is Pigna's capital?